

Remarks by Secretary of the Treasury Janet Yellen at United States Embassy Breakfast in Paris, France

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As Prepared for Delivery

Thank you, Ambassador Bauer, for co-hosting this breakfast. I am glad to have a more intimate opportunity to discuss multilateral development bank evolution and how it will help us meet the challenges we face as a global community in the 21st century.

The global shocks we have collectively endured over the last three years, many of which stem from global challenges like climate change, pandemics, and fragility and conflict, have taken a terrible toll in terms of lives lost, livelihoods disrupted, rising poverty, and slower economic growth.

These global challenges are increasing in scope and complexity, disproportionately affecting the poorest and most vulnerable. They threaten to roll back past hard-won development gains and impede the gains we hope to make in the future.

This is why we initiated the work to evolve the multilateral development banks, or MDBs, to better tackle global challenges.

Equipping these institutions to respond to global challenges with sufficient speed and scale is integral to supporting emerging market and developing countries in their fight against poverty and for inclusive, sustainable, and resilient development.

In the nine months since we issued the call to evolve the MDBs, we have made significant initial progress at the World Bank in refreshing its mission and reforming its operational and financial models. And we have begun rolling this agenda out to the regional development banks.

And, in addition to our existing commitments to the MDBs, the United States is working to enable new concessional World Bank financing to incentivize additional action on global challenges and to provide enhanced support to low-income countries. In short, our commitment to address the 21st century needs and challenges of emerging markets and developing countries is strong.

While building resilience is central to evolution, what I also hear from partners in the developing world is that they want and need the MDBs to support them by delivering solutions to the

challenges they face with greater speed and agility. And they need the banks to better draw in the private sector and to work better together.

Importantly, these are all elements of the evolution agenda.

We have called on the World Bank to identify process improvements to increase its speed, agility, and responsiveness.

We have also called for strengthening the World Bank's efforts to mobilize private capital at scale. This means creating incentives for staff that reward mobilization rather than use of the Bank's own resources, setting ambitious mobilization targets that could drive a shift in operations toward achieving them, and refining instruments and approaches like guarantees, securitization, and asset recycling.

Today, we are proud to announce that the Investor Leadership Network, which includes companies with a total of over \$10 trillion in assets under management, has launched a new commitment to accelerate pension fund and institutional investments in emerging and developing economies over the next three years.

The Network aims to broaden and deepen private sector financing, including through co-investments with MDBs, in the critical areas of energy transition and sustainable infrastructure. My team will be working closely with them to facilitate these investments.

We are confident that Ajay Banga will pursue the evolution agenda with vigor as World Bank President. Given his background managing large, complex institutions and track record of forging partnerships between the public sector, private sector, and non-profits, he is uniquely equipped to do so.

And, to maximize the impact of the evolution initiative, we need the MDBs to work better together as a system, each operating with its relative strengths and expertise, and in concert with the others.

The MDBs are among the most powerful tools we have in facing the demands of our changing world, and none of them alone can solve poverty, deliver the Sustainable Development Goals, or address global challenges.

All this is to say that the evolution reforms carry wide-ranging benefits for all MDB shareholders – borrowers and non-borrowers, middle- and low-income countries. And it is important that each of us do our part so that the outcomes of these reforms are robust, transformative, and palpable to people and businesses in partner countries.

I look forward to this morning's discussion with our distinguished guests, and to today's events.

Thank you.

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